

Message Text

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SUBJECT: COUNTRY COMMERCIAL PROGRAM FOR AUSTRALIA - FY 1979
GUIDANCE

REF: (A) CANBERRA 2141, (B) STATE 44899, (C) STATE 000118,
(D) STATE 19947; (E) CANBERRA A-50, 9/28/77

1. THE FOLLOWING ADDRESSES THE PRELIMINARY FY-1979 CCP
CONVEYED BY REFTEL (A) IN RESPONSE TO STATE 44899. IT IS
PROVIDED AS GUIDANCE TO ASSIST IN
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FORMULATION OF THE MISSION'S DRAFT CONTRIBUTIONS FOR
FY-1979 PURSUANT TO REFTEL (C). REF (A) WAS DRAFTED WITH-
OUT KNOWLEDGE OF THE INTERNATIONAL MARKETING CENTER (IMC)
AND ITS ON-AND-OFF-SITE CAPABILITIES. WE EXPECT THE
POTENTIAL IMPACT OF THE IMC ON THE CCP WILL NOW BE TAKEN
INTO ACCOUNT IN PREPARING THE CCP DRAFT CONTRIBUTION

2. A CLOSE REVIEW OF THE CURRENT AUSTRALIAN ECONOMY AND PROJECTIONS FOR THE COMING 2-3 YEARS SHOW A MARKED IMPROVEMENT IN THE COUNTRY'S BALANCE OF PAYMENTS POSITION DURING FY 77 AND INDICATIONS THAT THE TRADE AND PAYMENTS POSITION WILL CONTINUE TO IMPROVE DURING THE FOLLOWING TWO YEARS. THESE DEVELOPMENTS, PLUS THE RECENT MANDATE GIVEN

BY VOTERS TO THE GOVERNMENT TO CONTINUE ITS POLICIES GEARED TO REDUCING EXPENDITURES IN THE PUBLIC SECTOR WHILE ENCOURAGING INVESTMENT AND EXPANSION BY PRIVATE BUSINESS, MAKE FOR A MORE OPTIMISTIC VIEW OF THE AUSTRALIAN IMPORT MARKET. POSITIVE STEPS TO EXTEND SIGNIFICANT INVESTMENT ALLOWANCES FOR NEW PLANT AND MACHINERY, SPECIAL TAX CONCESSIONS FOR THE MINING SECTOR AND ENCOURAGEMENT TO FOREIGN INVESTORS ARE BELLWEATHER INDICATIONS OF AN IMPROVED BUSINESS CLIMATE. GOVERNMENT POLICIES DEDICATED TO RESTRAINING THE MORE MILITANT ELEMENTS IN LABOR ARE ANOTHER PLUS FACTOR. THESE SHOULD LEAD TO BETTER IMPORT MARKETS FOR MINING AND CONSTRUCTION EQUIPMENT, OFFICE EQUIPMENT AND COMPUTERS, GENERAL ENGINEERING (METALWORKING) POLLUTION CONTROL, AGRICULTURAL EQUIPMENT AND AN INCREASE IN THE LEVEL OF DISPOSABLE INCOME AVAILABLE TO THE AUSTRALIAN FAMILY FOR INCREASED EXPENDITURES FOR CONSUMER GOODS AND TRAVEL.

3. THE OBJECTIVE OF THE CCP IS TO INCREASE THE U.S.
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MARKET SHARE THROUGH A WIDE VARIETY OF MEASURES DIRECTED TO PRODUCT AREAS HAVING THE BEST POTENTIAL FOR IMPROVED SALES. MISSION RECOMMENDATIONS FOR CAMPAIGNS AND SPECIAL POST ACTIVITIES (REFTEL A) APPEAR TO BE WELL AIMED TO ACHIEVE MAXIMUM BENEFIT FROM DEVELOPMENTS IN THE AUSTRALIAN ECONOMY NOTED ABOVE.

4. CAMPAIGNS AND OTHER SPECIAL POST EFFORTS (OSPES) CORRESPOND IN A PRACTICABLE MANNER TO THE CURRENT BEST PROSPECTS REPORT AND REFLECT THE RESULT OF IN-DEPTH DISCUSSIONS BETWEEN FS COMMERCIAL PERSONNEL AND THE CMM DURING THE LATTER'S MID-1977 VISIT TO AUSTRALIA AND SUBSEQUENT DEBRIEFINGS WITH RETURNING FSOS DURING WASHINGTON CONSULTATIONS. THE FOLLOWING COMMENTS CONCERN THE CAMPAIGNS AND OSPES IN THE ORDER PRESENTED IN CANBERRA'S REFTEL 2141.

5. CAMPAIGN 1. COMPUTERS AND RELATED EQUIPMENT. SHOULD BE DESIGNED TO MAINTAIN THE DOMINANT U.S. MARKET POSITION AGAINST INCREASING COMPETITION AND HAS THE POTENTIAL TO IMPROVE THAT POSITION IN A PROVEN EXPANDING MARKET. IT IS WELL TIMED TO SUPPORT A PROPOSED APRIL 1979 IMC OFFSITE

EXHIBITION OF COMPUTERS AND PERIPHERAL EQUIPMENT.

6. CAMPAIGN 2. METALWORKING AND FINISHING EQUIPMENT. THE BEST PROSPECTS REPORT PROJECTS INCREASED DEMAND FOR MACHINE TOOLS HELD DOWN DURING RECENT YEARS BY GENERALLY DEPRESSED BUSINESS CONDITIONS. THIS REPRESSED DEMAND, WE ESTIMATE, COULD ACCOUNT FOR AN ADDITIONAL

PURCHASING REQUIREMENT OF MORE THAN FIFTY MILLION DOLLARS OVER THE NEXT THREE YEARS OVER AND ABOVE NORMAL MARKET GROWTH. THE REPORT ALSO NOTES INDICATIONS OF EXTREMELY VIGOROUS SALES EFFORTS PLANNED BY JAPAN, THE U.K. AND GERMANY. FOR THESE REASONS, A CAMPAIGN TO SUPPORT U.S. EQUIPMENT SUPPLIERS SALES EFFORTS COULD BE EXCEPTIONALLY UNCLASSIFIED

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WELL-TIMED, ESPECIALLY IF IT COINCIDES WITH AN OFF-SITE IMC EXHIBITION OF MACHINE TOOLS IN THE 1979 A.I.E.E. SHOW. (STATE TE. 19947 RE AIMEX).

7. CAMPAIGN 3. CONSUMER GOODS. USDOC WILL NOT HAVE FUNDS TO SUPPORT IN-STORE PROMOTIONS DURING FY-1979. IN VIEW OF THIS FACT AND ALSO POINTS RAISED BY FSO CURRAN (MANAGER OF THE CONSUMER GOODS CAMPAIGN IN THE FY 1978 CCP) WE SUGGEST THAT POSTS RE-EVALUATE THIS CAMPAIGN IN THE LIGHT OF THE CURRENT SITUATION AND THE EXPERIENCE OF THE CCP FOR FY 1978.

8. CAMPAIGN 4. VISIT USA. DURING A RECENT MEETING BETWEEN USTS, ECONOMIC/COMMERCIAL COUNSELOR KIRBY AND THE COUNTRY MARKETING MANAGER, THIS CAMPAIGN WAS DISCUSSED. POINTS COVERED INCLUDED THE RELATIVE MERITS OF BACK TO BACK CAMPAIGNS FOR FYS 1978 AND 1979 VS. RECLASSIFYING THE THEME TO AN OSPE FOR FY 1979. AS POSTS AND USTS CONCUR IN THEIR ASSESSMENT OF THE THEME'S VIABILITY, WE BELIEVE IT SHOULD BE RETAINED AS A CAMPAIGN. WE WOULD LIKE POSTS TO CONSIDER, HOWEVER, WHETHER RESOURCES ARE NECESSARY AT AS HIGH A LEVEL AS IN FY78 (620 MAN-DAYS FOR TRAVEL PROMOTION).

9. CAMPAIGN 5. POLLUTION CONTROL EQUIPMENT. BASED ON WHAT APPEARS TO BE A RELATIVELY SLOW PROGRESS OF GOVERNMENT LEGISLATION REQUIRING POLLUTION CONTROL PLUS OUR EXPERIENCE IN THE 1975 POLLUTION CONTROL EQUIPMENT TRADE CENTER SHOW, WE SUGGEST THAT POSTS LOOK VERY CLOSELY AT THIS CAMPAIGN THEME. PERHAPS IT WOULD BE A MORE APPROPRIATE THEME FOR INCLUSION IN FUTURE CCPS. ADDING TO OUR CONCERN ABOUT THE MARKET POTENTIAL FOR THIS CATEGORY OF EQUIPMENT IS THE FACT THAT, WITH THE EXCEPTION OF A UNCLASSIFIED

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LIMITED RANGE OF FILTRATION AND PURIFICATION EQUIPMENT INCLUDED IN PRODUCT PRIORITY LISTING NO. 3, "PUMPS, VALVES, AND COMPRESSORS," POLLUTION CONTROL EQUIPMENT HAS NOT BEEN INCLUDED IN THE COUNTRY'S BEST PROSPECTS REPORT. THE FOREGOING IS NOT MEANT TO CONVEY A COMPLETELY NEGATIVE REACTION TO THIS THEME BUT TO EMPHASIZE THE NEED FOR AN EXCEPTIONALLY CLOSE LOOK AT THE CAMPAIGN IN THE CONTEXT OF CURRENT MARKET CONDITIONS AND THE LIKELY DEVELOPMENT OF GOA'S LEGISLATION TO CONTROL POLLUTION.

10. ALTERNATE CAMPAIGN 1. BUILDING AND CONSTRUCTION EQUIPMENT. SOME DEFINITE ADVANTAGE TO THIS CAMPAIGN THEME COULD ACCRUE FROM PARTICIPATION IN AIMEX (REFTEL 19947). EVEN WITHOUT AIMEX THE CAMPAIGN IS SUFFICIENTLY STRONG TO MERIT A CLOSE LOOK IN THE LIGHT OF TODAY'S CONDITIONS.

11. ALTERNATE CAMPAIGN 2. FOOD PROCESSING AND PACKAGING EQUIPMENT. A STRONG THEME AND ONE WHICH COMPLEMENTS PLANS TO PARTICIPATE IN AUSTRALIA'S FISHEXPO IN AUGUST 1979.

NOTE: ONE OF THE ALTERNATE CAMPAIGNS COULD PROFITABLY BE ELEVATED TO FULL CAMPAIGN STATUS TO REPLACE THE CONSUMER GOODS THEME, IF POSTS DECIDE TO DROP THE LATTER.

12. SPECIAL ACTIVITY 1. AGRICULTURAL MACHINERY AND EQUIPMENT. WE CONCUR WITH POSTS' ASSESSMENT OF THIS THEME AND AGREE THAT THERE WOULD BE A REAL ADVANTAGE IN PLANNING ACTIVITY AROUND A SPECIALIZED RANGE OF PRODUCTS SUCH AS WATER SUPPLY EQUIPMENT.

13. SPECIAL ACTIVITY 2. MAJOR PROJECTS. WE AGREE THAT THE PROSPECTS FOR A SIGNIFICANT NUMBER OF PROJECTS INVOLVING SUBSTANTIAL REQUIREMENT FOR SERVICE AND GOODS WARRANT THE INCLUSION OF THIS ACTIVITY. WE ALSO AGREE THAT CONTRIBUTIONS CONTINUE TO COME FROM ALL POSTS AS
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IN THE FY 1978 CCP, ALTHOUGH WESTERN AUSTRALIAN DEVELOPMENTS UNDOUBTEDLY WILL CONTINUE TO DOMINATE THE ACTIVITY.

14. PERHAPS BY THE TIME NEW ECONOMIC/COMMERCIAL COUNSELOR KIRBY HAS HAD AN OPPORTUNITY TO SEE THE PRESENT CCP IN ACTION, ADDITIONAL MODIFICATIONS CAN BE NEGOTIATED

DURING THE VISIT OF THE STATE/COMMERCE TEAM TO AUSTRALIA
IN EARLY MAY TO OBTAIN AN AGREED UPON FINAL VERSION
OF THE FY 1979 CCP.

15. REGRET DELAY IN THIS MESSAGE. DUE DATE FOR DRAFT
FY79 CCP IS EXTENDED FROM FEB. 27 TO MARCH 13. PLEASE
CABLE DRAFT CCP IF NECESSARY TO MEET NEW DEADLINE.
(PLEASE CONTINUE TO OBSERVE DUE DATE OF FEB. 27 FOR
INITIAL SUBMISSION ON FY80 CCP.) VANCE

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